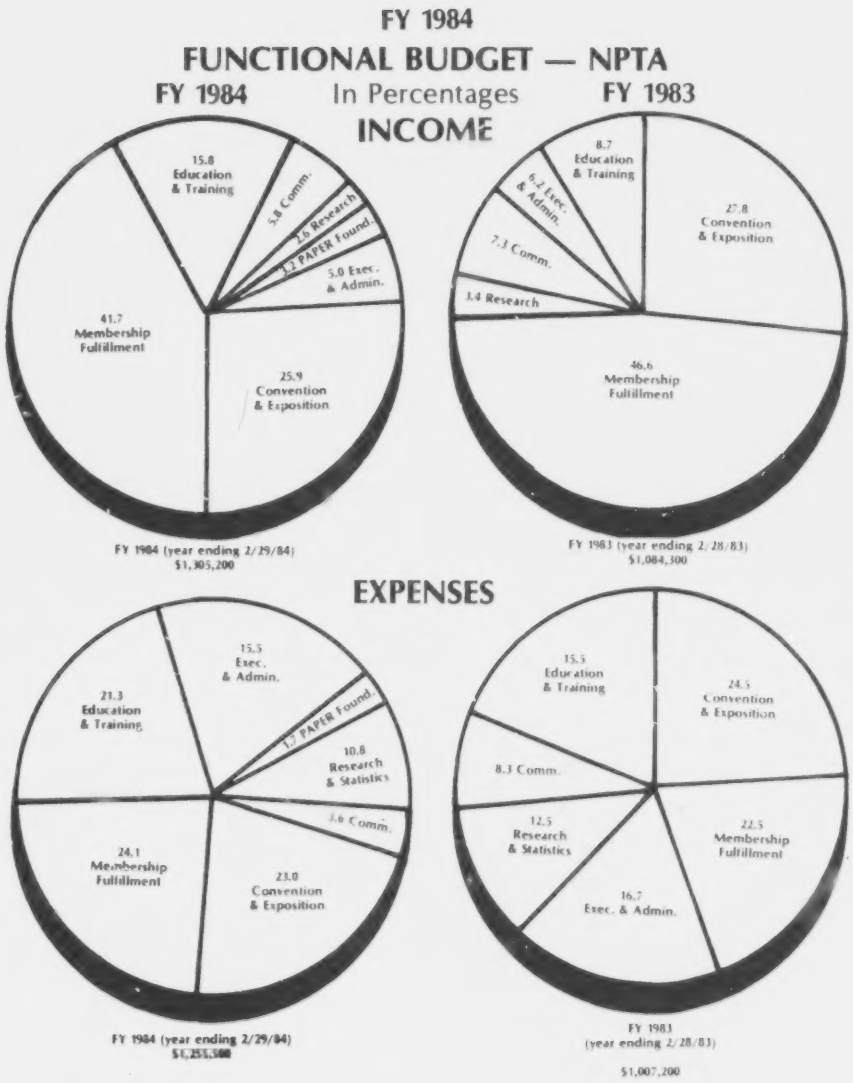


(Continued from p. 7)

elements of this long standing industry event were also explored.

Communications

The communications efforts of the Association have centered on providing members with useful information. The primary means to sharing this information has been the *NPTA Management News*.

From an eight page monthly last year, the 16 page publication is an improved vehicle for member news, industry information, management articles, and trends in paper distribution. The industry has universally applauded this new effort by NPTA.

Other publications of note were the specialized wholesaling texts sold by NPTA through special arrangement with the National Association of Wholesaler-Distributors. Materials from many other sources provided at reduced costs gave member firms needed industry information in the form of books, periodicals, films and tapes.

The scope of the NPTA communications program has grown to encompass the entire paper distribution industry. Reaching out to suppliers has helped give the NPTA story greater exposure in this past fiscal year.

Education and Training

The Education and Training department has witnessed a great deal of growth during the last fiscal year. The department reported that membership awareness of NPTA-sponsored programs, along with the department's role as a clearinghouse for training material and information, has grown substantially.

During fiscal 1982-83, 86 merchants attended the department's seminars; this grew to 321 during the fiscal year just ended — a 373% increase. Also during fiscal 1982-83, 77 companies attended seminars; this grew to 204 during fiscal 1983-84 — a 265% increase.

This past year saw the first in-house PSS programs conducted. Eight companies participated.

As a clearinghouse for material and information, the department has developed a network of trainers and managers involved in the training process: 187 firms participated.

The first three in a series of training lunches were held. These enabled participating merchants to exchange views on training and development activities of their companies.

Research

The past year was marked by several positive accomplishments in the Research and Statistics area. This department was able to provide more and better information to NPTA members, and successfully improved

member participation in the Association's financial reporting programs.

Fully half the membership participated in the annual Performance Analysis Report (PAR). The number of survey respondents increased by 12% during 1983, representing nearly $6.7 billion in total paper merchant sales: Up 17.5% from the previous year.

More members also participated in the monthly "Paper Merchant Sales Report." Approximately 50% of the membership is active in this program. For the first time, the Research Department began to collect monthly inventory data, and specifically identified the respondent sample which will provide for future refinements in this report.

There has also been an increased flow of research questions from members, dealing with: Market potential, PAR data, sales compensation plans, etc. The Research Department has been able to respond to these increasingly sophisticated inquiries with greater expediency, as the membership has recognized the value of this service.

Finally, the department realized a greater need to communicate research information to members, and did so via the "Management Information" page added to *Management News*.

Membership

The past fiscal year was an excellent one for NPTA. Over 30 firms joined in the U.S. plus the addition of two new International members totaling over $37,000 in new dues revenue. This was a result, in part, of the "trial member" program run during the year. And another 21 companies have already joined since the close of the last fiscal year.

NPTA member service programs grew as well: The expansion and improvement of *Management News*, the addition of the Xerox discount and our Hertz leasing and rental discount programs. The comprehensive education and training seminar, workshop and conference schedule is now providing more for member firms to choose.

Member requests for information on a variety of industry topics has grown. During the past year, the NPTA staff has been available to answer merchant inquiries.

With the growth of members and member services came the need for additional staff. A director of marketing membership services was hired. Richard Lerman began working at NPTA in December, 1983.

Plans for continued membership growth through the next fiscal year are already in place.

PAPER Foundation

As the skills and information needed to successfully manage a paper distribution business grow, and as the pace of change accelerates throughout the trade; there was a need for an organization to dedicate itself fully to the study of the paper distribution industry. NPTA created the Paper And Plastics Education/Research (PAPER) Foundation this past year.

The Foundation marks several firsts for the paper distribution industry. The PAPER Foundation is the first organization ever created to solely study trends in paper distribution. Another is the composition of the Foundation membership: Paper merchants, mills, converters and other suppliers to the trade.

This combined group will direct the research efforts. The PAPER Foundation will be administered by the NPTA staff, but will have a separate Board of Trustees composed of paper wholesalers and suppliers.

During 1983, the first research project was commissioned. Healy & Associates conducted a research study entitled, "Growth Strategies for Paper Distribution in the 80s." A preliminary report was made at the Annual Convention. A major publication is expected later in 1984.

Calendar of Events

May

8-25. 1984 Graphic Arts Exhibition of Printing Industries of Metropolitan New York. Harkness Plaza, New York City, NY.

10. Compensating Your Marketing Personnel presented by D. Bruce Merrifield. Loews L'Enfant Hotel, Washington, DC. Contact NPTA.

16-18. The Keys To Growth As A Sales Manager presented by Michael Ibison. Fairmont Hotel, Dallas, TX. Contact NPTA.

June

7. Dynamic Collection Techniques presented by Robert B. Thompson. Sheraton New Orleans, LA. Contact NPTA.

Sales and Time Management Training

Professional Selling Skills (PSS) and Managing Time and Territory (MTT) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. This is the most cost-effective way to increase the sales abilities of a company's staff. Contact the NPTA Education and Training Department.

The best loan you'll ever get: Collect your receivables

By Robert B. Thompson

Collecting accounts receivable is not getting any easier. This situation exists with many paper merchant firms as well as in most other industries. Businesses are having trouble paying their bills on time.

Several factors are the cause of this nation-wide problem. High interest rates and wider general understanding of how to manage cash flow stretch out many paper merchants' average collection days. Changing bill paying ethics and recent economic conditions have influenced slow payment trends.

To better understand this situation and develop solutions to the problem, look at the methods available to finance business operations. We find four main sources of capital for the medium or small business: *Profit* from the business ... additional *Equity* money ... long-term bank *Loans* ... and short-term debt (trade *Credit*.)

During difficult economic times, profit margins are low. The firm either has to cut costs affecting operations or look elsewhere for money to finance the business. Pouring additional equity money into the company is no real solution. An owner is in business to increase his/her wealth, not to shuffle more financial resources into the firm.

Bank loans

Next, the owner seeks a bank loan. First and foremost, the loan will cost two to four points over prime (at least 13-15% per year). This high cost of credit guarantees that already tight profit margins will flip over to a substantial bottomline loss. Aside from this cost, many bankers insist on collateral security or other restrictions to insure repayment of their loan.

Accounts payable

With this financial door effectively closed, an owner looks at a stop-gap measure to the only remaining capital source: Slow payments to the firm's suppliers (accounts payable).

Many suppliers do not have effective collection programs. Or, they are reluctant to ask for payments because they may lose future business to competitors.

Other firms reward customers for prompt payments by cash discounts, but fail to penalize slow payers by late payment service charges. And, if they do assess late charges, some do not follow-up to collect them, making them meaningless.

When the owner finds suppliers who fit into this "passive" collection profile, he has located his short-term "loan" ... *interest-free*! The company simply slow-pays any suppliers who permit this practice ... up to the point of having shipments held ... or being placed on COD ... or affecting the firm's credit rating.

Accounts receivable

If your customers are slow paying your company at 45, 60 days or even longer, you may be the victim (due to your our inaction) of what the credit industry calls the "Creditors' Patsy List." In this case, look at your collection process and take actions now to get off this "List."

Now, what actions should be taken to change these slow pay practices and speed up your cash flow? First, establish a good collection process. The first step in collecting receivables is to just ask for payment. *Timely* invoicing and monthly statements represent your first requests for payment. Customers who do not pay on time then require contact.

Collecting over-due accounts

Collection contact may be by collection notices/letters, personal visits, sales rep collection activities or telephone calls. I suggest a combination of these techniques. Use the right method for the appropriate situation.

It may be best to first send a collection notice, then follow-up with a telephone call. The notice makes the customer aware (actually the *customer knows* he/she is past due!) of his/her delinquent balance. The phone call lets a customer know you are serious about collecting money owed to you. Negotiations to get payments can be made during the phone call. This one-two letter/call punch puts the customer on notice you *believe in your terms*.

...The telephone

Or, your company may decide to do all collecting through telephone calls. Collecting receivables by telephone is far superior to any other collection technique. Faster cash flow is the result. The telephone is more personal. It offers two-way communications. Problems can be discussed and solved during the phone conversation. A customer's financial situation can be reviewed. An acceptable payment schedule can be arranged. Telephone collecting generates more cash receipts faster with less time.

...The visit

Personal visits by the owner, credit manager or collector may be necessary to collect high dollar balances. Difficult disputes can be worked out and resolved during collection visits. Customer relations can be repaired. But ... use visits sparingly. They take time. Travel costs are incurred. Opportunities to collect more dollars by telephone are lost while visits are being made.

Sales support

Sales support in collecting money can be beneficial to improving cash flow, when properly used. Certain sensitive repeat business accounts need special collection handling. A sales rep can assist here. Also, sales personnel can drop off larger dollar invoices and pickup checks. Remember ... that the sales person's primary job is to sell. Sales reps are trained and have the inclination to sell ... not to collect. Asking a customer for more business and for money at the same time are incompatible functions.

Follow-up

The next ingredient in a successful collection program is follow-up ... on time! A paper merchant should develop a call-letter sequence and follow-up interval which best fits his company's customers and cash flow situation.

Ten day follow-up intervals (a contact every ten calendar days) produces the best results. Fifteen day follow-up may be satisfactory in some collection or workload situations. But, a contact every ten days provides the pressure which convinces customers your firm believes in its terms ... and refuses to be on any "Patsy List."

Train your collectors

Collection training is indispensable to an effective accounts receivable collection program. Telephone training provides owners, credit managers and office personnel with techniques for pre-call planning and making effective opening statements during the phone call.

Methods for fielding customer payment objections or excuses during the call are learned during collection training. Learning to listen and take good response notes helps the telephone collector overcome excuses and obtain payments.

Earlier, we said there are *four* main capital sources. Let's change that ... actually there are *five* ways to finance a business. The *best* "loan" your paper merchant business can ever obtain is *interest-free* ... collect your own receivables faster ... the right way ... *and* keep good customer relations!

Workshop scheduled for June 7

Don't miss Bob Thompson's workshop on "Dynamic Collection Techniques." This one-day session will be held in New Orleans, LA on June 7, 1984 and will present results-oriented information. Contact the NPTA Education and Training Department.

Chairman's Corner

LIONEL ELTIS
NPTA's Chairman of the Board

Where we have been and where we are going

The National Paper Trade Association has been serving the paper distribution industry for over three-quarters of a century. A group of forward thinking paper merchants formed this Association in 1903 so that its membership could have a common meeting ground to exchange ideas and learn together. This was before a lot of government control regulations and antitrust legislation. Apparently, there was good leadership and the organization grew.

Shortly after my return from the Air Force at the end of World War II, I started attending the NPTA Conventions. I soon realized that the personal contacts I made and the knowledge I acquired from the business sessions, discussions with industry leaders, other merchant and mill representatives were most beneficial to my personal development and the development of my business.

I recall in the early 50's, I wanted to rewrite our sales compensation plan. I contacted the NPTA office and was furnished a printed booklet on sales compensation programs. I remembered a few years later, the Association developed a sophisticated sales training program. All through the years, NPTA has been a source of information for the members on almost every aspect of the operation of a merchant business.

I have to believe that in the past seven years, we have made even greater progress, and have become more valuable to the industry. This is not to reflect, in any way, on the past lay or professional leadership.

We are most fortunate today to have a dynamic, young president who takes direction well and *really* understands the paper business from merchant to mill level. And it has been his good fortune to have worked with a dedicated group of lay officers, board of directors, and committee members.

Membership participation is at the highest level in the history of the Association. Our education and training program has been instrumental in helping improve the knowledge and ability of literally thousands of sales and operational people. This year, several of our seminars have been complete sell-outs and we've had to schedule additional ones to fill the applications received.

One of the finest tools that a paper merchant can have in his possession is the *PAR Report*. It provides individual members with information that is necessary to the conduct of their businesses and cannot be obtained anywhere else.

Our monthly newsletter, *Management News*, is an innovative publication that has timely and interesting articles. NPTA publications run the gamut from a guide to antitrust laws to a group of management subjects, such as: Receivables, inventory, sales training, sales compensation and warehouse operations.

All of this comprises an extensive source of information provided to the members of the Association. Our businesses are becoming more complex. The programs offered by the Association, both during the year and at its annual meeting, have become more sophisticated. They are designed to help us be more professional and operate our businesses more efficiently and productively.

Our immediate past chairman said that "NPTA is the only practical, legal forum we have to improve the competitiveness of our trade." I feel that our Association has consistently provided this. The capable, professional NPTA staff is available to you. I urge you to take advantage of these programs to gain the information you need.

Inventoring paper products in the 80's

(Continued from p. 6)

Calendar Days Cost of Ending Inventory

	Printing	Industrial
Jan. 1984	82	61
Jan. 1983	71	62
Jan. 1982	75	60

days cost of ending inventory." Since November 1983, this figure has been 20+ days higher for printing paper merchants, significantly higher in 1983 and 1982.

As the *New York Times* reported further: "Some analysts think the more cautious companies may find themselves in for a surprise and get caught with inadequate inventories ... but the confident inventory managers disagree. G.E.'s Mr. Geller said: 'There's been a fundamental change. People have figured out how to do this a lot smarter.'"

Paper merchants are just as sensitive to high interest rates, and are beginning to computerize their operations more fully. They have learned to run leaner as well, a trend that does not appear to be temporary.

Table 2 **Paper Merchant Inventory Turnover**

	Industrial Paper		Printing Paper		Dual Merchants	
	Inventory Turnover[1] (Times Per Year)	GMROI[2]	Inventory Turnover[1] (Times Per Year)	GMROI	Inventory Turnover[1] (Times Per Year)	GMROI
1978	7.57	243%	4.98	164%	5.72	165%
1979	6.44	217	6.01	197	5.48	167
1980	6.61	221	5.13	166	5.02	155
1981	7.07	242	4.85	158	5.34	156
1982	6.07	182	4.95	151	5.75	169

[1]Calculated as cost of warehouse goods sold to average inventory (average of beginning and ending inventories for the year, LIFO basis).

[2]Gross margin return on inventory is defined as gross margin on warehouse sales divided by average inventory (average of beginning and ending inventories for the year, LIFO basis). GMROI is the gross profit dollar produced per dollar of inventory carried.

NOTE: Beginning 1978, indirect sales were separated and excluded from warehouse sales.

Source: 1983 NPTA PAR Survey.

New "Executive Summary" available to PAR users

There is a new tool available to those companies participating in the Performance Analysis Report (PAR) survey: The Executive Summary. It is designed to save time by providing a quick scan of a company's key performance measures.

The Executive Summary has three main sections:

1. Management Summary: A two-page chart that rates a company's performance as "weak, fair, good or strong" in 30 or so key performance measurers, including: Sales, profitability, operating expenses control, personnel productivity and asset management.

2. Performance Summary: This is a table of a firm's actual figures on these same key measures. The results are grouped by six different categories: The company's results, all firms in the same product class, firms of similar sales volume, profitability groups, geographic region, and warehouse sales mix. Lower, median, and upper quartile groups are included.

3. Guidelines for Interpreting the Results: Here the importance of each measure is explained and how it can be used to evaluate a company's performance. Usually, this is a brief description. References to specific pages within the PAR report and PAR User's Manual are given.

A key feature of the Executive Summary is the reference to the PAR report pages, which you can then use for more in-depth analysis as time permits.

The Executive Summary may be ordered through the NPTA Research Department for $45. This additional to the PAR report will help the merchant get more out of his company's analysis.

Paper Merchant Sales Report — March, 1984

	NPTA Regions	Sales per selling day March 1984 -compared to- March 1983	Sales per selling day March 1984 -compared to- February 1984	Sales per selling day 1984 year-to-date -compared to- 1983 year-to-date	Days outstanding (accounts and notes) at close of March 1983	Days outstanding (accounts and notes) at close of March 1984	Calendar days' cost* of ending February inventory 1983	Calendar days' cost* of ending February inventory 1984
INDUSTRIAL	1	+12.6%	+ 6.2%	+ 6.3%	42	45	59	--
	2	+11.5%	+ 1.1%	+13.8%	33	36	61	45
	3	+13.9%	+ 2.7%	+15.8%	32	36	59	57
	4	+18.1%	+ 6.1%	+18.4%	33	39	54	57
	5	+ 8.4%	+ 2.4%	+10.8%	32	36	64	56
	6	+12.0%	+ 1.1%	+13.0%	40	40	62	--
	7	- 3.8%	+ 2.7%	- 0.3%	37	41	64	--
	NY METRO	+10.0%	+ 3.3%	+ 8.4%	41	45	34	--
	CHICAGO METRO	+25.6%	+ 2.9%	+20.9%	39	39	60	--
	LA METRO	+15.4%	+ 2.3%	+15.2%	45	48	70	--
	US	+12.4%	+ 3.2%	+13.0%	36	40	58	55
PRINTING	1	+39.9%	+ 0.9%	+30.5%	53	51	63	41
	2	+33.5%	+ 4.0%	+36.0%	45	47	62	59
	3	+37.8%	+ 6.1%	+32.1%	42	43	80	85
	4	+27.6%	+ 2.1%	+27.5%	41	31	64	70
	5	+27.1%	+ 7.4%	+24.5%	43	46	65	85
	6	+28.8%	+ 2.1%	+27.3%	42	40	67	--
	7	+22.0%	+ 5.1%	+21.1%	38	41	70	--
	NY METRO	+39.7%	- 5.0%	+46.9%	44	43	66	--
	CHICAGO METRO	+37.2%	+ 6.4%	+31.4%	41	43	63	--
	LA METRO	+27.2%	+ 2.2%	+26.9%	39	46	54	84
	US	+31.8%	+ 2.6%	+30.5%	43	43	66	71

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1 CT, ME, MA, NH, RI & VT
Region 2 DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3 AL, FL, GA, NC, SC, TN & VA
Region 4 IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5 CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6 AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7 AR, LA, MS, OK & TX

NY Metro: NY: New York City, Long Island and Westchester Co.
NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos.
IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego
Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

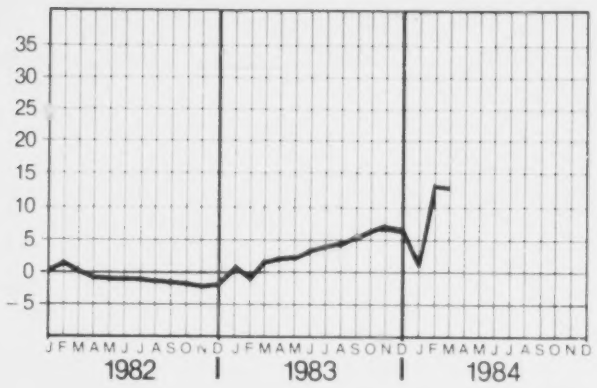
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

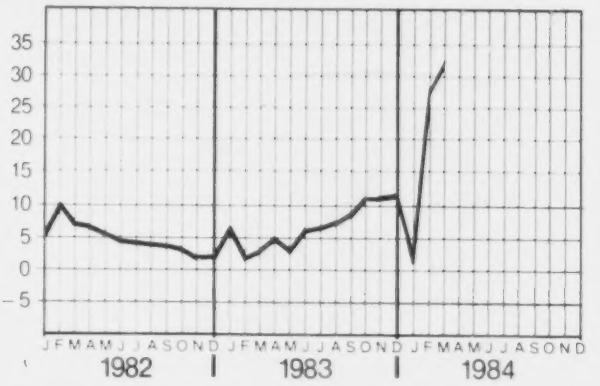
Paper Merchant Sales Report
Summary National Trend Information: 1982 to present

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

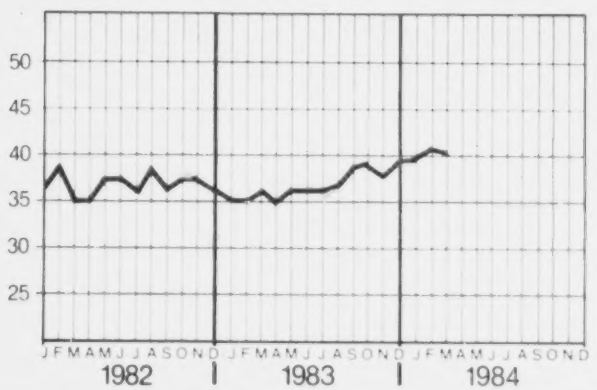


PRINTING PAPER SALES NATIONALLY

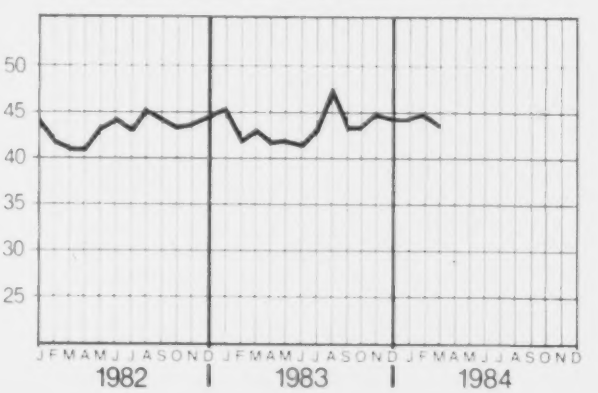


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

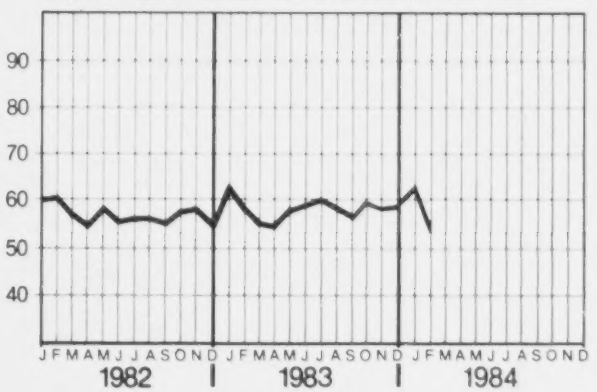


PRINTING PAPER RECEIVABLES NATIONALLY

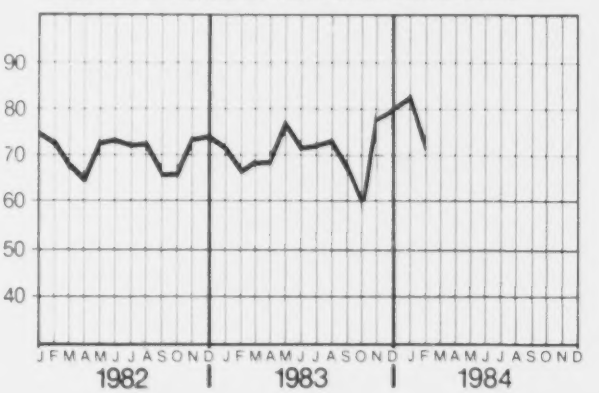


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



Washington Watch

FTC trial judge rules that dual-distributor cannot receive wholesaler discounts on its retail sales

In the keenly awaited decision on the Federal Trade Commission complaint against Boise Cascade Corporation reports the Wholesale Stationers' Association, an Administrative Law Judge ruled that Boise knowingly received unlawful discounts, not available to other retail dealers, on products purchased by Boise for resale in competition with such retail dealers. **At issue was Boise's "dual distribution" practice — i.e., sales at the wholesale and retail levels of goods it purchases at wholesale discounts.**

Findings

After extensive hearings, the Judge found that Boise received a "wholesale functional discount" on its purchases of certain office products from six manufacturers, including purchases of goods which it did not resell to retail dealers, but which were resold to users, either directly or through its own retail stores, in competition with those dealers.

Numerous defenses put forth by Boise were rejected by the Judge, who concluded that the effect of such discrimination has been or may be substantially to "injure competition between Boise and competing dealers who are paying higher prices than Boise for the same products.

The order would require Boise to cease and desist from receiving from any seller a net price that Boise knows or has reason to know is below the net price at which products of like grade and quality are being offered or sold by such seller to competitors of Boise. The order also requires the implementation of a "compliance plan" acceptable to the FTC:

> "Boise can lawfully receive a wholesale functional discount on goods which it resells as a wholesaler — *i.e.*, to dealers, but if it chooses to remain a dual distributor by also reselling [to users] in competition with dealers, it will have to offer the Commission a compliance plan under which it will inform it suppliers as to the dollar volume of goods it purchases as a wholesaler and as a dealer."

Major Issues

Boise contended that the discounts it received constituted compensation for services rendered for the manufacturer, in maintaining inventory, promoting sales, etc.

It argued that under that 1955 FTC decision in Doubleday & Co., it could be reimbursed for resale functions ordinarily performed by a manufacturer which the manufacturer shifts to its customers. In that case, regular jobbers received a 15% discount and "full service" stocking jobbers received 25%.

The Judge found that Boise does nothing more respecting its dealer sales than competing dealers do, and those services benefit Boise, not the manufacturer. Furthermore, the Judge concluded, the Doubleday case was expressly overruled by the 1962 FTC decision in Mueller Co., which was affirmed by the Seventh Circuit Court of Appeals, and which the U.S. Supreme Court refused to review.

Injury to competition was disputed by Boise on the basis that, during the period under study, the number of dealers increased and dealers' sales increased. The Judge's response was that the number of dealers and total sales might have increased even more; that the courts have held (in cases brought by the FTC as contrasted with competitors' suits for damages) injury may be inferred from a mere price difference; that competing dealers have had to pay higher prices and their profits would have increased; and that even if Boise did not always use the price advantage to undercut prices, Boise could use the price advantage for larger profits or additional services.

The Judge noted the use of single order and annual cumulative quantity discounts or rebates in the industry. While the decision stated that volume discounts are not at issue in this case, such arrangements in the past have been ruled unlawful forms of price discrimination by the Commission and the courts in certain circumstances.

The evidence, said the Judge, did not establish that the manufacturers had any of the affirmative defenses for granting Boise the lower prices (such as cost justification, meeting a competitor's equally low price, etc.); that Boise knew it was getting lower prices than its dealer competitors; and that Boise knew or should have known that the prices were not justifiable under the defenses available to manufacturers and were therefore unlawful.

Conclusion

The Administrative Law Judge in Boise re-affirmed the continued vitality of the 1962 Mueller decision, that a wholesaler's (redistribution) discount is permitted to be received only on that portion of a dual distributor's purchases that are resold to dealers, and his reporting of such sales (plus reasonable verification by the manufacturer) is required.

The view of the present Federal Trade Commissioners respecting this issue will be watched with interest by all who are involved with the wholesale distribution industry — and particularly by those firms who either sell to, or are, dual distributors.

ASSOCIATION File

Insurance coverage: Is what you have right for your company?

Why is it that having the *right* insurance coverage for your company is usually a mystery. For one thing, its a complicated issue. The National Association of Wholesaler-Distributors surveyed wholesalers to uncover the facts. Here are a few important conclusions they were able to draw from their research:

1. Little science has been employed by the insurance industry in their system of classification and rating of wholesaler-distributor firms.
2. The insurance industry uses a wide variety of code classifications within commodity lines.
3. The incidence of product liability claims against wholesalers is *much* lower than the insurance industry projects. Most firms surveyed are "pure wholesaler-distributors" doing little converting or importation; and so have minimal involvement in liability-related activities.
4. Wholesalers appear to be unfairly penalized by the Workman's Compensation classification and rating system utilized throughout the United States. It fails to accurately "risk rate" wholesale firms.

NPTA members studied

NAW studied NPTA member firms as well as all commodity line wholesalers and found the following:

Averages	All Wholesale Respondents	NPTA Respondents
Average sales volume:	$5,300,000	$7,630,000
Average number of locations:	3	1
Average number of employees:	26	39
Average premiums:		
Package premium	$13,707	$7,039
Excess umbrella premium	3,604	1,017
Workman's comp. premium	11,954	12,349
Vehicle coverage premium	10,245	6,884
Confirmed premium	$39,510	$27,289

The NAW program

INA and NAW joined forces to offer wholesaler-distributors a new insurance program under the federal Risk Retention Act. NAW believes that when wholesalers join together they can get more for their money.

Under the INA/NAW plan, wholesalers can buy up to $11 million in primary and umbrella liability insurance, including coverage for auto and property risks. A workers compensation program is offered separately.

This new insurance program has allowed some wholesalers to cut their insurance costs by 25%. NAW points out, though, that the strength of this program lies in its broad coverage.

For more information on this new INA/NAW plan, contact the NPTA Communications Department.

NPTA
MANAGEMENT NEWS
National Paper Trade Association, inc.
111 Great Neck Road
Great Neck, New York 11021

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